GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:4360
ANSWERED ON:12.08.2002
TRADE BETWEEN AGRICULTURAL AND NON AGRICULTURAL SECTORS
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government have conducted any study in terms of trade between agricultural and non-agricultural sectors;

(b) if so, the details thereof;

(c) whether there is a wide gap between prices of industrial and agricultural products leading to poor condition of farmers in the country;

(d) if so, the reasons therefor;

(e) whether despite various crop production programme and remunerative prices, the conditions of farmers in the country have not improved during the last decade; and

(f) if so, the further steps taken or being taken by the Government to improve the conditions of the farmers and reduce the gap between industrial and agriculture products price?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a)&(b): On the basis of methodology recommended by the Task Force set up under the Chairmanship of Prof. A.S. Kahlon in 1993, Ministry of Agriculture is constructing the Index Numbers of Terms of Trade (ITT) between Agricultural and Non- Agricultural Sectors on annual basis to gauge the relative movement of prices received and paid by the farmers. The Index of Terms of Trade during the last decade with Base triennium ending 1990-91 is as follows:-

Year	ITT	Year	ITT
1991-92	105.6	1996-97	103.1
1992-93	103.9	1997-98	105.6
1993-94	103.6	1998-99	105.2
1994-95	106.6	1999-2000	102.7
1995-96	105.3	2000-01 (P)	101.2

P – Provisional

(c) & (d): The Index of Terms of Trade is measured in terms of the ratio of the indices of prices received and paid by the farmers. It is evident from above that the Terms of Trade remained higher than 100 during the last decade. This implies that the Terms of Trade have been favourable to the farmers.

(e) & (f): The Government is providing continuous thrust on implementation ofvarious programmes for enhancing the output in the agricultural sector besides providing market and price support. The Commission for Agricultural Costs and Prices,while recommending the Minimum Support Prices (MSPs), takes into account a numberof factors including the Terms of Trade between Agricultural and Non-Agricultural sectors in order to make the MSPs more remunerative to the farmers.